United Nations A/71/564

General Assembly

Distr.: General
24 October 2016

Original: English

Seventy-first session
Agenda items 134, 139, 141 and 149

Programme budget for the biennium 2016-2017

Human resources management

United Nations common system

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2016

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance version of the statement submitted by the Secretary-General (A/C.5/71/3) in accordance with rule 153 of the rules of procedure of the General Assembly on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (ICSC) for 2016 (A/71/30). The Committee also had before it an advance version of the report of the Commission for the year 2016. During its consideration of the statement, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 21 October 2016.

2. In the statement it is indicated that the decisions and recommendations of ICSC would have an impact on the programme budget of the United Nations starting with the biennium 2016-2017, and the budgets of peacekeeping operations starting with the peacekeeping financial period from 1 July 2016 to 30 June 2017. The decisions and recommendations are related to the following three issues: (a) conditions of service applicable to both categories of staff (Professional and

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higher categories, as well as General Service and other locally recruited categories): separation payments; (b) conditions of service of the Professional and higher categories: base/floor salary scale; and (c) conditions of service of the General Service and other locally recruited categories: survey of best prevailing conditions of employment in Geneva, and adjustment of dependency allowances following the unfreezing of allowances (A/C.5/71/3, para. 1).

II. Conditions of service applicable to both categories: separation payments

Separation payments

3. As indicated in the statement by the Secretary-General, in its resolution 65/248, the General Assembly decided to revert, at its seventy-first session, to the Commission's recommendation regarding the introduction of end-of-service severance pay in the organizations of the common system for fixed-term staff involuntarily separating from the organization upon the expiration of their contract after 10 or more years of continuous service. The Commission decided to submit its earlier recommendation to the Assembly that end-of-service severance pay be introduced for fixed-term staff separating from the organization upon the expiration of contract after 10 or more years of continuous service (ibid., paras. 2-3).

4. The annual financial implications of introducing end-of-service severance pay were estimated by the Commission at $1.64 million per annum system-wide, based on the most recent common system staff separation data. For the United Nations, based on an implementation date of 1 January 2017, the financial implications are estimated as follows: (a) for the programme budget, an increase of $184,600 for the biennium 2016-2017 and $369,200 for 2018-2019; and (b) for peacekeeping operations, an increase of $67,400 for the financial period from 1 July 2016 to 30 June 2017 and $134,800 for the financial period from 1 July 2017 to 30 June 2018 (ibid., para. 4).

III. Conditions of service of the Professional and higher categories

Base/floor salary scale

5. The Commission recommends that the General Assembly approve, with effect from 1 January 2017, the revised unified base/floor salary scale for the Professional and higher categories as shown in annex V to the report of the Commission for the year 2016 (A/71/30), reflecting a 1.02 per cent adjustment over the unified salary scale previously approved by the Assembly, to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points, resulting in no change in net take-home pay. The statement of the Secretary-General indicates that, while generally cost-neutral in terms of net remuneration, the base scale adjustment procedure would have implications with respect to separation payments (A/C.5/71/3, para. 8)

6. The annual financial implications associated with the Commission's recommendation on an increase of the base/floor salary scale were estimated by the Commission at approximately $438,000 per annum, system-wide. For the United Nations the financial implications are estimated as follows: (a) for the programme budget, an increase of $46,800 for the biennium 2016-2017 and $93,600 for 2018-2019; and (b) for peacekeeping operations an increase of $17,000 for the financial period 2016/17 and $34,000 for 2017/18 (ibid., para. 9).

IV. Conditions of service of the General Service and other locally recruited categories

Survey of best prevailing conditions of employment in Geneva

7. The statement by the Secretary-General indicates that the recommended salary for General Service and Language Teacher categories is 1.8 per cent lower than the scales in effect. The recommended salary scales were implemented in May 2016 only with respect to staff recruited on or after 1 June 2016 by the Geneva-based organizations, while the salary scales for existing staff were frozen, in accordance with standard practice. The actual savings would therefore be contingent on the number of new recruits that come on board on or after June 2016. The statement also indicates that an interim adjustment to the salary scales of General Service and other locally recruited categories in Geneva, based on the consumer price index in accordance with the procedure in place, was due for the month of September 2016, and that pending finalization of the possible interim adjustment, it was not possible at that stage to determine the financial implications for the biennium 2016-2017 resulting from the freeze of the salary scales for existing staff (ibid., para. 11).

8. In its report, the Commission indicates that the notional savings resulting from the implementation of the recommended salary for the General Service and Language Teacher categories are estimated at $7.6 million per annum for the Geneva-based organizations (A/71/30, para. 164). Upon enquiry, the Advisory Committee was informed by the Secretariat that the United Nations share of those savings was estimated at $2.5 million. **The Advisory Committee trusts that the Secretary-General will provide details on the projected savings in 2016 in the first performance report for the biennium 2016-2017.**

9. **The Advisory Committee further enquired about the cost increases for General Service staff in Geneva that had been included in the proposed programme budget for 2016-2017. It expects the Secretary-General to also include details of those increases in the first performance report for the biennium 2016-2017.**

10. The Advisory Committee enquired as to why the statement by the Secretary-General did not provide estimates of the financial implications resulting from the implementation of the outcome of the 2015 survey of the best prevailing conditions of employment in Geneva (see para. 7 above) as had been the case for New York in 2015 (see A/C.5/70/3, para. 47 and A/70/7/Add.4, para. 18). The Committee was informed that the financial implications for 2016-2017 would need to take into account the pending interim adjustment to the salary scales for Geneva, which was scheduled for September 2016, the outcome of which was not yet finalized. Upon

request for further clarification, the Advisory Committee was informed that, while it was possible to determine the financial implications of the September 2015 survey independently of the impact of the September 2016 interim adjustment, the estimates established at this stage would not reflect the totality of the financial implications to be included in the first and second performance reports for the biennium 2016-2017.

Adjustment of dependency allowances following the unfreezing of allowances

11. The statement of the Secretary-General indicates that following the General Assembly's decision to lift the freeze on the increases of allowances for the General Service and related categories from 1 January 2016 (resolution 70/244, sect. III, para. 3), the Commission requested its secretariat to conduct an ad hoc one-time review of the levels of the dependency allowances in Madrid, London, New York and Geneva, which otherwise would not have been reviewed until the next round of surveys. The results of the Commission's review would be recommended to the organizations for implementation at the time of the next interim adjustment to the salary scales as follows: October 2016 for Madrid; November 2016 for New York; September 2016 for Geneva; and in the case of London with retroactive implementation from May 2016, representing the date of the first interim adjustment after the date of the lifting of the freeze by the Assembly for the General Service and related categories (A/C.5/71/3, paras. 12 and 14).

12. As indicated in the statement by the Secretary-General, the recommended levels of allowances are shown in annex X to the report of the Commission for the year 2016. The Commission estimated the maximum financial implications of its recommendations system-wide, at the United Nations rates of exchange for June 2016, as follows: (a) $13,752 for Madrid; (b) $12,171 for London; (c) $1,576,090 for New York; and (d) $7,281,958 for Geneva (ibid., para. 13).

13. Taking into account the above interim adjustment dates, the financial implications associated with the Commission's recommendation on the revised levels of dependency allowances are estimated as follows for the United Nations: (a) for the programme budget, an increase of $3,066,500 for the biennium 2016-2017 and $4,804,800 for 2018-2019; and (b) for peacekeeping operations, an increase of $103,700 for the financial period 2016/17 and $155,500 for 2017/18 (ibid., para. 15).

V. Conclusions and recommendations

14. The financial implications arising from the decisions and recommendations of the International Civil Service Commission are summarized in paragraph 16 of the statement by the Secretary-General. **In view of the information provided to the Advisory Committee (see paras. 8 to 10 above), the Advisory Committee will revert to this matter in the context of its consideration of the first performance report for the biennium 2016-2017.**

15. **Subject to paragraphs 8, 9 and 10 above, the Advisory Committee recommends that the General Assembly take note of paragraph 17 of the**

statement by the Secretary-General that, should it approve the recommendations of the Commission:

(a) The requirements for the biennium 2016-2017 for the United Nations will be addressed, as necessary, in the context of the first and second performance reports for the biennium 2016-2017, as appropriate, and requirements for the biennium 2018-2019 will be taken into account in the context of the proposed programme budget for the biennium 2018-2019;

(b) The requirements for the budgets for peacekeeping operations will be addressed, as necessary, in the related performance reports for the financial period from 1 July 2016 to 30 June 2017 and will be taken into account in the context of the upcoming proposed budgets for the financial period from 1 July 2017 to 30 June 2018.